

AMENDED IN SENATE JULY 3, 2003  
AMENDED IN ASSEMBLY MAY 23, 2003  
AMENDED IN ASSEMBLY MAY 8, 2003  
AMENDED IN ASSEMBLY APRIL 24, 2003  
AMENDED IN ASSEMBLY APRIL 7, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1627**

**Introduced by Assembly Member Frommer  
(Coauthor: Assembly Member Matthews)**

February 21, 2003

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An act to add Article 11 (commencing with Section 1339.50) to Chapter 2 of Division 2 of the Health and Safety Code, relating to health facilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1627, as amended, Frommer. Payers' Bill of Rights.

Under existing law, the State Department of Health Services regulates the licensure and operation of health facilities, including hospitals. Under existing law, violation of these provisions, or any rule or regulation adopted thereunder, constitutes a misdemeanor.

This bill would establish the Payers' Bill of Rights. ~~The bill would define charge description master for these purposes.~~

~~This bill~~ would require a hospital that uses a charge description master, as defined, to provide a written or electronic copy, free of charge, to any person upon request, and to take other specified actions.

This bill would also require a hospital to post a notice, as specified, that informs patients that the hospital's charge description master is available upon request. The bill would prohibit a hospital from conditioning acceptance of a contract with a health care service plan or health insurer on waiving any provision of the bill.

This bill would authorize the department to impose a specified fine for a violation of the bill. The bill would authorize any person to file a claim with the department alleging violation of the bill.

This bill would also require that each hospital file a copy of its charge description master ~~annually and other information~~ with the Office of Statewide Health Planning and Development, *and would impose related reporting requirements.*

By imposing new requirements on hospitals, this bill would create new crimes, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. Article 11 (commencing with Section 1339.50)  
2 is added to Chapter 2 of Division 2 of the Health and Safety Code,  
3 to read:

4  
5 Article 11. Payers' Bill of Rights

6  
7 1339.50. This article shall be known and may be cited as the  
8 Payers' Bill of Rights.

9 1339.51. (a) A hospital, as defined in subdivision (a), (b), or  
10 (f) of Section 1250, that uses a charge description master shall  
11 provide a written or electronic copy free of charge to any person  
12 upon request, segregated by types of services provided. If the  
13 hospital has an Internet Web site on which it posts its charge  
14 description masters, it may comply with this section by providing

1 the requester with the Internet Web site address. This posting shall  
2 be in a format that can be downloaded.

3 (b) For purposes of this ~~section~~ *article*, “charge description  
4 master” means a uniform schedule of charges represented by the  
5 hospital as its gross billed charge for a given service or item,  
6 regardless of payer type.

7 (c) *For purposes of this article, “office” means the Office of*  
8 *Statewide Health Planning and Development.*

9 (d) The hospital shall post a clear and conspicuous notice in its  
10 emergency department, if any, in its admissions office, and in its  
11 billing office that informs patients that the hospital’s charge  
12 description master is available upon request.

13 1339.52. A hospital may not condition acceptance of a  
14 contract with a health care service plan or health insurer upon the  
15 health care service plan or health insurer waiving any provision of  
16 this article.

17 1339.53. (a) The department may fine a hospital up to five  
18 thousand dollars (\$5,000) per violation of any provision of this  
19 article, pursuant to the provisions of Article 5 (commencing with  
20 Section 1294).

21 (b) Actions taken by the department pursuant to this section  
22 shall not preclude any other remedy by a health care service plan,  
23 health insurer, or other party that is available under contract or any  
24 other provision of law.

25 1339.54. Any person may file a claim with the department  
26 alleging a violation of this article. The department shall investigate  
27 and inform the complaining person of its determination whether  
28 a violation has occurred and what action it will take.

29 1339.55. (a) Each hospital shall file a copy of its charge  
30 description master annually with the ~~Office of Statewide Health~~  
31 ~~Planning and Development~~ *office*, in a format determined by the  
32 office.

33 (b) *Each hospital shall calculate an estimate of the percentage*  
34 *increase in the hospital’s gross revenue due to any price increase*  
35 *for charges for patient services during the 12-month period*  
36 *beginning with the effective date of the charge description master*  
37 *filed with the office. The office shall compile and publish this*  
38 *information on its Internet Web site.*

39 1339.56. *Each hospital shall compile a list of the average*  
40 *charges for the 25 goods, services, or procedures charged to the*

1 *greatest number of patients. Each hospital shall make this list*  
2 *available to any person upon request. The hospital shall file this*  
3 *list with the office.*

4 *1339.57. The office shall compile a list of the 10 most common*  
5 *Medicare diagnostic related groups (DRGs) and the average*  
6 *charge for each of these DRGs per hospital. The office shall*  
7 *publish this information on its Internet Web site.*

8 SEC. 2. No reimbursement is required by this act pursuant to  
9 Section 6 of Article XIII B of the California Constitution because  
10 the only costs that may be incurred by a local agency or school  
11 district will be incurred because this act creates a new crime or  
12 infraction, eliminates a crime or infraction, or changes the penalty  
13 for a crime or infraction, within the meaning of Section 17556 of  
14 the Government Code, or changes the definition of a crime within  
15 the meaning of Section 6 of Article XIII B of the California  
16 Constitution.

